



CITY OF EL CERRITO

10890 SAN PABLO AVENUE, EL CERRITO, CA 94530

(415) 234-2323

June 22, 1978

OFFICE OF
THE CITY MANAGER

Dr. Eugene C. Lee, Director
Institute of Governmental Studies
109 Moses Hall
University of California
Berkeley, CA 94720

ATTENTION: Mr. Jack Leister, Librarian

RE: Implementation of Proposition 13

INSTITUTE OF GOVERNMENTAL
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JUN 26 1978

Dear Dr. Lee:

UNIVERSITY OF CALIFORNIA

Enclosed please find a series of memoranda dealing with the development of El Cerrito's response to Proposition 13. The memoranda begin in February with a preliminary impact analysis. Following a review of probable effects from Proposition 13, Council held a number of public meetings, culminating in the appointment of a committee of former mayors to study the problem and make recommendations to Council concerning priorities for cutting the city's budget as demanded.

During the period of time that the mayors' committee was deliberating their recommendations, staff was preparing and discussing with Council more definite plans for a Proposition 13 budget. Late in May, City Council did approve such a budget called An Emergency Proposition 13 Operating Plan. Subsequently, after the measure passed, implementation procedures started almost immediately with the distribution of layoff notices.

As you know, the legislature is currently considering a temporary distribution of state surplus to cities and other jurisdictions in order to mitigate some of the effects of Proposition 13. Staff is presently preparing another plan to be used in the event funds are received from the state. We are assuming that the state subventions from surplus to cities will make up half or better the lost property taxes during the first year. After that, the initial amount should drop off and perhaps will even phase out completely within four or five years. Our present status involves the preparation of a plan for restoring some of the cuts in the event state money is forthcoming. Although staff is in agreement on the outline of a plan, it has not yet been prepared for submission to Council.

In order of their appearance or relevance, following is a list of memos enclosed:

1. Effect of Jarvis-Gann Initiative on El Cerrito - February 9, 1978.

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Dr. Eugene C. Lee

Page 2

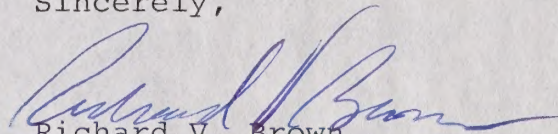
June 22, 1978

2. Preliminary report on effects of Proposition 13 from mayors' committee to council - April 18, 1978.
3. Prop. 13 Budget from mayors' committee - April 24, 1978
4. Excerpt from general comments from city manager to city council concerning council consideration of staff's recommendation on a Prop. 13 budget - April 21, 1978.
5. Confidential memorandum from city manager to city council on police-fire reorganization planning - April 28, 1978.
6. City manager recommendation on Proposition 13 budget reductions - May 11, 1978 - with a series of impact comments on the various service areas.
7. Excerpts from Comments, city manager to city council, explaining how the proposed Prop. 13 budget was put together - May 12, 1978.
8. Confidential memorandum to members of city council on summary emergency plan implementation - June 9, 1978.

These memoranda are some of the basic material that indicates the course of the Proposition 13 budget development. In addition, of course, there were many lengthy discussions and a considerable amount of dialogue and bargaining between staff and council on the direction of budget cuts and some of the more significant changes in the city organization.

I hope this information will be of some use, and I will be prepared to supplement it with additional information concerning plans to utilize additional subventions from the state surplus. If you have any questions, please let me know.

Sincerely,



Richard V. Brown
City Manager

RVB/gm

MEMORANDUM

February 9, 1978

TO: Members of the City Council

FROM: Richard V. Brown, City Manager

RE: EFFECT OF JARVIS-GANN INITIATIVE ON EL CERRITO

The County has estimated that the Jarvis-Gann initiative would require a 66.5% reduction in property taxes. This translates into a \$1,415,733 property tax revenue loss for the city of El Cerrito.

Because there are unknowns, it is impossible at this point to identify exact plans which will answer the Jarvis-Gann initiative. For example, nonproperty tax revenues, such as federal revenue sharing and anti-recession assistance payments, may be subject to reduction as the city reduces its "tax effort." CETA funds, which now support 25 city employees, might also be in jeopardy. On the expenditure side, overhead savings will remain estimates until we have actual experience; and with large-scale layoffs throughout the state, the costs of unemployment insurance will surely be much greater than the .8% of payroll presently levied. Unit costs will increase after layoffs because we will tend to retain older employees who tend to incur larger sick leave, workers' compensation, and other costs. Because of the large number of uncertainties, preliminary planning for the initiative is being done with rounded-off estimates.

If we are to permanently reduce city expenditures, we must be careful not to achieve savings today by simply postponing costs into the future. This would be the case, for example, if we simply abandoned the maintenance of streets, storm drains, parks, or city facilities. Other possible reductions may also fall into this category. The first priority, then, should be to eliminate services where in fact they can be totally and permanently eliminated. (Ideally, where it is not possible to accomplish this, the present value of future costs and savings should be estimated and reductions should be based on these figures. This degree of sophistication may be beyond our present means, however.) If only temporary reductions are to be planned (for example, in anticipation of some state-provided replacement revenues), other strategies may be appropriate.

Outlined below is a sample reduction plan which reveals the magnitude of \$1.4 million in reductions. It probably errs on the side of too few rather than too many reductions. (If the provisions of Jarvis-Gann prevail over future years, additional cutbacks would be required on an annual basis.) It is, like any first effort at such a plan, highly arbitrary. It is presented as an outline from which to work.

SAMPLE REDUCTION PLAN

General Government: Elimination of city council salaries, contingency legal expenditures, the position of assistant city manager/finance director, and a reduction in office and miscellaneous expenditures proportional to the drop in citywide office employment and activity. Reduction of 22% of expenditures. SAVINGS: \$60,000

Planning: Reduce the department to the planning director and minimal clerical support (50% cut in department budget). SAVINGS: \$40,000

Parks and Recreation: Retain in recreation only those reimbursable programs housed at or through the community center. Close down parks and recreation administration building, committee on aging, playground supervision and teen programs. Reduce park crew from 8 to 3. (Presumably we would have to organize citizen volunteers to help maintain our parks. We would have to provide workers' compensation coverage for these volunteers and some form of income replacement insurance.) Because there may be opportunity to substantially increase fees and adjust programs to maximize revenues, many other approaches are possible. Reduction in city contribution of 50%. SAVINGS: \$190,000

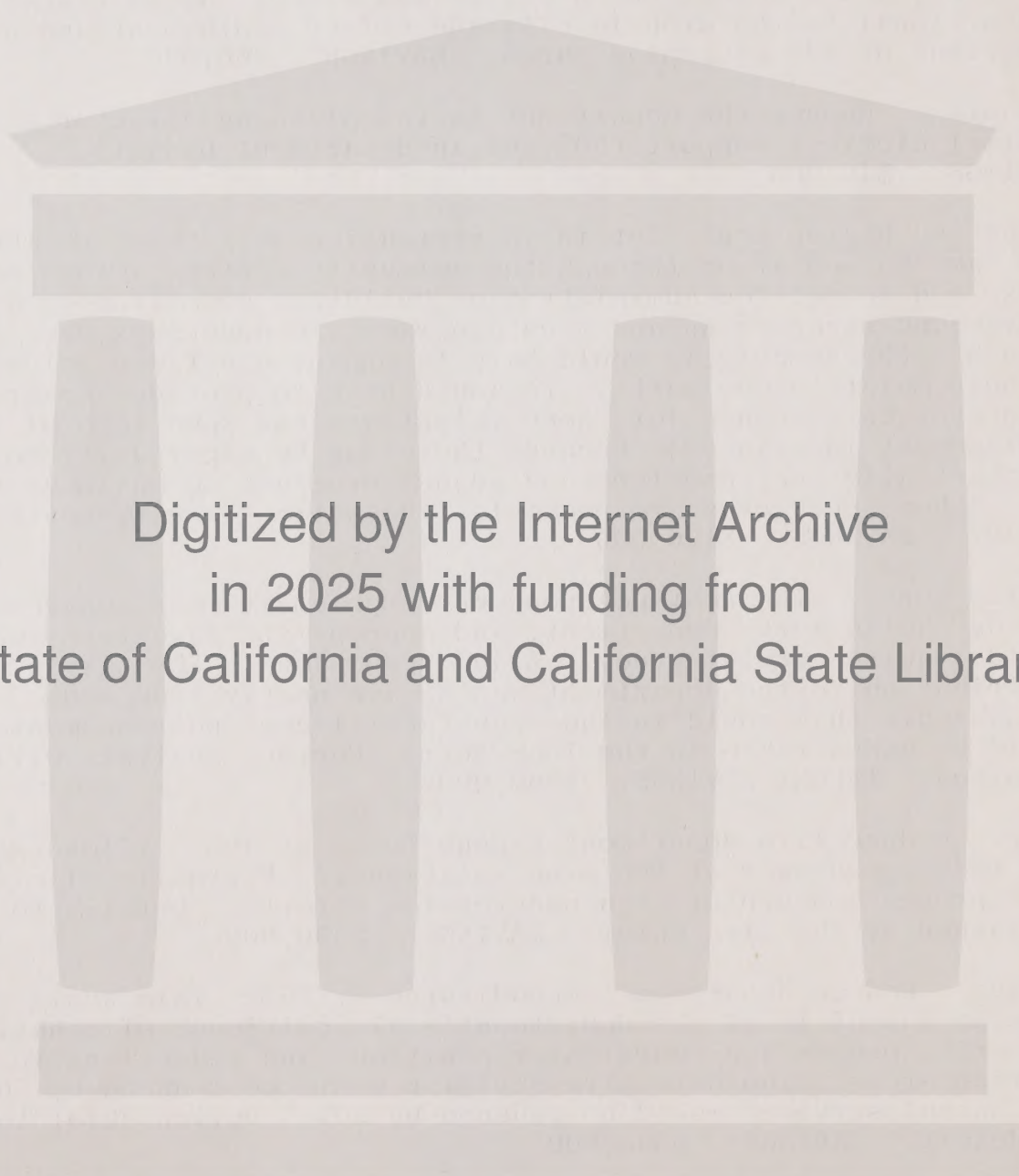
Public Works: The cost-postponement problem is most apparent in the public works department, and appropriate long-term reductions would require careful study. A 40% reduction in the city's contribution to the department would save nearly \$260,000. Undoubtedly this would include substantial cost postponements which would be undesirable in the long term. Further analysis will be required. TARGET SAVINGS: \$260,000

Fire: Reduce fire department expenditures by 40%. (Close station #2 and reduce manpower at the other stations.) Virtually eliminate fire prevention and other nonsuppression efforts. Details to be explained by the fire chief. SAVINGS: \$430,000

Police: Reduce department expenditures by 25%. This would require elimination of 13 of the department's 47 positions, elimination of the crime prevention coordinator position, and reductions in all service areas. The detective division would be reduced by 50% and patrol services would be reduced by 30%. Police chief to explain in detail. SAVINGS: \$330,000

Nondepartmental: Eliminate contribution to Chamber of Commerce, expenses for board and commission members, etc. Reductions in insurance costs (due to citywide reductions). ESTIMATED SAVINGS: \$90,000

GRAND TOTAL: \$1,400,000



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REVENUE ALTERNATIVES

In the face of the above reductions, the city would certainly have to examine every revenue-raising possibility. The major revenue source over which we have direct control is the business license tax, which raises just under \$60,000. A very substantial increase in this tax—perhaps an increase of several-fold—would have to be considered.

Another revenue source which would have to be considered is a tax on new construction. Depending on the tax imposed, from \$25,000 to \$100,000 could possibly be raised.

Additional revenues could be raised through even more aggressive pricing and programming in parks and recreation.

A further report on alternative revenues will accompany more detailed work on the expenditure consequences of Jarvis-Gann.

Note:

In the event an Attorney General's ruling states that Cities and Counties are not "districts" within the meaning of Jarvis-Gann, El Cerrito's revenue loss would be \$2.5 million approximately, over one million more than estimated in the budget adjustments above.

RCW/gm

To: EL CERRITO CITY COUNCIL
From: Mayors Committee
Date: April 18, 1978

Re: Preliminary Report on Effects of Prop. 13 (Jarvis)

This is to be considered a preliminary report only;
the Council may make it public, or not, as it chooses.

The Mayors Committee was established earlier this year by Council action, and six former El Cerrito Mayors agreed to serve. The charge to the Committee is contained first in the report of former Mayor Bartke to the Council dated during the week of January 23, 1978 and in the comments of Mayor Speelmann to the Committee itself at its first meeting on March 28, 1978.

We wish to acknowledge the support of the City Manager's office for our efforts; we have purposely asked for very little in the way of staff support, but all our requests have been promptly answered.

The Council should be aware that many views of Prop 13 itself exist on the Committee itself; we find no unanimous position among ourselves, nor do we find it our role to be advocates for or against its passage or defeat in June, as a Committee.

Our preliminary conclusions are as follows:

1. The City can expect a reduction in revenues in the area of \$1.5 million; from the information presently available, it is currently impossible to accurately predict any amount with certainty, and the loss of property tax revenue could as well be the total of \$2.4 million, or could as well all be replaced by increases in sales taxes and/or other state revenues, resulting in no decrease at all.
It is also impossible to presently predict with accuracy the losses which may be suffered in Revenue Sharing, for development insurance, etc.

2. Timing: Council should set its policy on the 1978-79 budget with its anticipated reductions, by May 15, 1978; this policy should include all desired reductions, re-organizations, etc.

Staff should prepare an action plan, i.e., the mechanics of carrying out Council's policy, ready for Council approval at a special meeting to be set by the Council on June 7, 1978 immediately following the counting of votes on Prop 13. This timing will protect the morale of City employees should the measure not pass, and will avoid the "scare tactics" before the election; it will also give as much time as possible to forewarn employees of expected re-organizations and/or reductions.

Notices of discharge, if any, should issue on June 8, 1978, effective on July 7, 1978.

3. Replacement Revenues: In addition to state revenues not under consideration in Open House, we reported significant increases in those revenues which are still under city jurisdiction, including business licenses, hotel & motel taxes, the average franchise fee, and the establishment of a construction tax. We anticipate that these measures can add at least \$10,000 to the city's general fund.

We also agree with the apparent Council consensus to bring recreation fees up to an amount that would fully fund such programs, including overhead, whether or not Open House is passed, but that this should be done for all fees levied by the City.

4. Consolidations of Departments: We have honestly tried, for several meetings, to arrive at a "Jarvis Budget" by cutting out everything that someone may think is "fat", and eliminating anything that some may think are "non-essential" services, but it simply cannot be done. A reduction of 66% to 70% means a whole different system of governance, with very little of it being done on a local level. Therefore the Council will be forced to consolidate services in its effort to maintain as many current functions as possible. We can foresee all Corvito with only three departments: Public Safety (which will include Police officers working as our fire suppression force), Community Development (which will see our street crews doing not only storm drains but also park maintenance, and a merger of Planning, Design, Building, etc), and Administration (which could find the City Attorney as both Assistant City Manager and Finance officer, or as the Planner, etc).

It may be that some of these changes have enough merit to be considered whether Open House passes or fails.

It is the goal of our Committee to have a final report to the Council by May 1, 1970. We will use the time remaining to develop specific suggestions on the priorities for reductions, and a few suggestions on specific manning levels or salary policies.

Jim Doherty
Gregg Cook

Ray Rosbalt
Don Smith

Don West
Rich Martin

CONFIDENTIAL MEMORANDUM

April 24, 1978

TO: El Cerrito City Council
FROM: Mayors Committee
RE: PROP. 13 BUDGET

In addition to the preliminary report delivered to you last week, we hereby submit to you some general comments on the level of services which could be expected, should Prop. 13 be adopted by the voters in June:

- A. 1. PLANNING: A single zoning administrator/planning coordinator, with a half-time secretary.

BUILDING: A half-time building official, the other half time in building maintenance, with a half-time secretary (presumably shared with Planning). We suggest that Council explore the possibility of merging these two departments.

2. COUNCIL: It may be tempting to reduce Council salaries, but we do not encourage more than a token cut. We specifically recommend against any cut in the provision for council members' expenses.

3. MANAGER-CLERK-ATTORNEY: Should include a city manager, a city attorney with duties covering those of the assistant city manager, a city clerk, a senior steno (which is not now provided), a steno, and a legal secretary.

FINANCE: One assistant director and two junior account clerks. (This department may be merged with the city manager.)

4. PUBLIC WORKS: To include the garage with one mechanic, the present level of storm drain work, select street system via gas tax monies, and the present level of support for nonselect street maintenance; also includes a crew chief and four members of the park maintenance staff.

5. RECREATION: We fear that the whole program cannot be supported by fees, and that the administrator will have to remain a professional administrator. We accept the police chief's observation that it is cheaper to hire playground employees than patrolmen (or to pay for vandalism).

6. PUBLIC SAFETY: We have strong consensus for a careful look at merging police and fire services, with patrol cars carrying the best resuscitators and fire extinguishers as the patrolmen become the backbone of the fire reserve or volunteer program. Each fire station to be manned by a single engineer to drive the engine to the fire ground or to fire-inspection duties. (This program will work better if safety employees are required to live within certain distances of El Cerrito.)

7. UTILITIES, STREET LIGHTS, VEHICLE REPLACEMENT: Generally at present funding levels.

- B. Our committee hesitates to make specific salary recommendations to the Council, but generally invites your attention to those positions where current professional salaries may not be justified, and salary levels at approximately the assistant department head level may suffice.

April 24, 1978

- C. The committee also did not wish to attach dollar amounts to the above recommendations, but observes that the above can be done well within the anticipated budget of approximately \$2,725,000 plus gas tax, recreation reimbursable, etc., with some left over to cover weak spots or for contingencies, or to strengthen your own priority areas.
- D. Other ideas which were heard with favor by our committee include a reduction of street sweeping, and the total elimination of all street lights with advice to homeowners to contact PG&E for private support of the lights.

Respectfully submitted,

Roy Mespelt
Ken Berndt

Don West
Gregg Cook

Jim Doherty
Rich Bartke

MEMORANDUM

April 21, 1978

TO: Members of the City Council

FROM: Richard V. Brown, City Manager

RE: COMMENTS ON CURRENT MATTERS

1) Meeting Monday night, April 24. The meeting Monday night will be devoted to a study session to review current budget and organization of the Public Works Department, as well as Planning, together with the implications for Proposition 13 on both departments. No other business is contemplated for Monday night.

2) Executive Session - Council-Staff on Prop 13 budget recap - 5 p.m., Wednesday, April 26. The meeting on April 17 was adjourned to 5 p.m. April 26 for the purpose of an executive session. The purpose of that executive session would be to review staff reduction plans necessary if Prop 13 passes. Staff met in an all-day session on Wednesday, the 19th, at which time the staff plan for reductions was firmly outlined. That material is being put together now for submission to Council. It appears that it will not be ready for distribution to Council until Monday, the 24th. In any event, not later than the study session on the 24th Council will receive the staff plan for adjusting for Proposition 13. In addition, Council now has received a preliminary report from the former mayors' group concerning service adjustments for Proposition 13 purposes. Only council members and myself have copies of this report.

Part of staff's deliberations on the 19th concerned Council policy on issuing layoff notices for staff reductions. Likewise, there is an item in the preliminary report from the mayors' group on this matter. After very considerable discussion, staff unanimously recommends that layoff notices be deferred until June 7 or 8, at which time we will be sure whether or not those notices will be necessary. It was agreed that the entire plan had to be worked out, and all preparations made for action immediately after the June 6 election. However, it was felt that the balance of factors pro and con weighted the decision on the side of deferring those final public notices. It was certain that such action needed to be taken.

There are many reasons for this staff recommendation. Previous to this all staff had assumed that the best course of action was to prepare that plan as carefully as possible but in such a way as to create as little impact on city finances past July 1 as possible. From that standpoint, issuing notices in May, well before the election, would be necessary. Even at that, all layoffs probably could not be accomplished prior to July 1.

Some factors to consider are: (a) It still is a toss-up whether or not Prop 13 will pass. If it doesn't pass and notices have been sent out, the negative effect on employee morale will be substantial. (b) We could anticipate an extremely high absentee rate immediately after notices are sent out. The desire to use remaining sick leave or what-is-there-to-lose attitude could prevail. We could well be faced with the blue-flu counterparts in other departments. (c) Severe tensions would be created within the organization because some got notices and others didn't. The layoff plan won't follow strict seniority, since seniority applies to single lines of progression. Of course, the risk the city would take in deferring notice would be incumbering funds into the new budget year for employees targeted for layoffs,

since we are required in a number of cases to give at least 30 days' notice. However, it seems almost certain that the Legislature would provide some replacement funds, perhaps in the second half of the fiscal year. Also, we are discounting

CONFIDENTIAL

MEMORANDUM

April 28, 1978

TO: Members of the City Council
FROM: Richard V. Brown, City Manager
RE: POLICE-FIRE REORGANIZATION PLANNING

Council, by consensus in private session last summer, directed that plans be made for a combination of Police and Fire Departments under a public safety director with some form of combination of functions by policemen and firemen. The attached goal and objectives was prepared as a guide to both chiefs with instructions to begin planning. Previously there had been some study of combining Building with Fire Inspection, but no further action in that area was pursued after this declaration of intent by Council.

Following those initial guidelines, Police and Fire staff identified four areas (medical emergency response, crime prevention, patrol, arson investigation, and citizen assistance calls) where increased cooperation leading to new organization should be explored. A major problem at this point was the availability of staff in both departments to work out the organization. Subsequently, the battalion chiefs were reorganized, making some staff available for these studies. Stabilizing the new battalion chief organization was the first priority, however. Police staffing has had its problems with workload.

It was my general plan of procedure to work on combined operations, one by one, making an evolutionary approach to new Police-Fire organization. I have always felt that departmental involvement in such an effort is essential to success. Contrariwise, I've felt that designing an organization and imposing it on the subjects almost guarantees failure. The attached copy of an ICMA Report on Public Safety Departments is an excellent and objective analysis of efforts to combine public safety departments. (I feel this is essential reading for considering this concept.) This report emphasizes the point, perhaps more than any other, of the need to involve the subjects of the reorganization in its planning.

The advent of Prop. 13 has created an opportunity, or a cause, in the mind of Council, apparently, for immediate implementation of the combined Police-Fire organization concept. I suspect Council also feels that staff will not respond diligently (or has not) because of self-interest, as well as other reasons. Be that as it may, Council has indicated its clear intention to implement a combination plan by July 1, regardless of the outcome of Prop. 13. I have strong misgivings about this turn of events and strong doubts that such a decision could be carried out with such dispatch, even if staff were eager to proceed.

My misgivings about the process are serious to me. I felt that the Council might proceed without staff input to impose a drastic change, which would seriously debilitate the efforts of staff and Council to work out the necessary accommodation by which staff could implement Council policy decision. I communicated my concern to the Mayor before Wednesday's meeting. Council subsequently directed staff, in detail, to reorganize most of the City's employees.

I was concerned about obscuring what I think is the primary task facing the City—adopting a temporary emergency plan for implementation if Prop. 13 passes. That task still eludes us while we pursue an organizational concept fraught with many political, philosophical, personal, financial, labor-relational, etc. problems, any one of which could of itself cause serious disruptions in City operations.

In proceeding beyond this point, I feel it is essential that Council and staff continue serious dialog with room for give-and-take, to work out a Public Safety Plan. Staff is prepared to present its combined judgments and how to organize and begin the process of implementation of this concept at the first available opportunity. First, however, I feel we must settle on a Prop. 13 plan to implement. In my opinion, we cannot reorganize to the extent suggested with Police and Fire by July 1. Major breakdowns in emergency service would almost surely result. Therefore, I strongly suggest a more rational approach to arriving at a plan which needs Council direction, as well as staff input and organization to succeed.

One other thought—discussing the Police-Fire concept in executive session, I feel, is a serious hazard. It is almost certain that IAFF will take us to court and try to prove we had private sessions on the concept apart from hiring or firing personnel. I feel I should not expose Council to such criminal charges, nor should I expose staff and myself. This plan will be extremely hard to keep quiet, and the public should be informed before implementation. The study session on budget on Monday night, if held, then, should not be an executive session.

RVB/gm

MEMORANDUM

May 11, 1978

TO: Members of the City Council
FROM: Richard V. Brown, City Manager
SUBJ: PROP. 13 BUDGET REDUCTIONS

Attached hereto is a preliminary operating budget reduction plan based on a total reduction in expenditures from present levels of about \$1.2 million. This budget reduction plan is being presented to City Council for public discussions on meeting the emergency which will exist if Proposition 13 passes on June 6. The plan as submitted is only a partial plan, since the revenue side of the budget is still in process. Assuming all revenue conditions will remain the same as last year except for property taxes, the budget reduction plan should be reasonably reliable for use as a planning tool. A comprehensive budget plan, because of uncertainties in both Propositions 8 and 13, cannot be completed until after the middle of June.

The attached budget plan focuses mainly on reductions from present levels and does not include all the detail ordinarily submitted with a preliminary budget. Obviously, it cannot be finalized until the fate of Proposition 13 is known. In this form it fails to meet estimated reductions mandated by Proposition 13 by almost \$200,000. Additional revenue measures or additional cuts appear to be necessary to arrive at a balanced plan.

The basic features of the preliminary budget plan are as follows:

Administration. Eliminate ²three positions out of eight (not accounting for CETA).
Reduce all nonpersonnel expenses. Savings - ~~\$70,000~~ ^{\$75,000}

Planning. Planning, being a 3-position department, would be reduced by transferring one position to Redevelopment and 2/3 to H&CDA. Reduce nonpersonnel costs.
Savings (including additional Redevelopment funding) - \$40,000.

Police. Eliminate 5 sworn positions (out of 38) and reorganize the department to maintain acceptable service levels. Savings - \$150,000.

Fire. Reduce manpower by ¹¹8 out of 35 total. Reorganize engine companies and close Fire Station 2. Manning levels would permit fire suppression, emergency medical service, and limited fire prevention all, at substantially reduced depth.
Savings - \$309,000.

Parks and Recreation. Transfer park maintenance to Public Works, combining with street crews. (Reduce total field crews from Parks by 4.) Eliminate 1/2 recreation supervisor. Increase fees to the extent possible to pay operating and overhead costs of recreation, playground, aging, and other service. Retain recycling program on a pay-as-you-go basis - from sale of recyclables and state grant funds (based on increased volume of curbside pickups). Savings (using increased fees and transfer of park maintenance) - \$200,000. (Direct city cost for recreation reduced from \$145,000 to \$30,000)

ADMINISTRATION AND NONDEPARTMENTAL IMPACT - PROP. 13

Administration and Finance

1. Council: "action minutes" only
2. City manager: reduction of clerical support
3. Virtually eliminate training, meetings, memberships, etc.
4. Possible loss of ability to administer CETA program
5. Finance: delays in bill-paying, banking transactions, etc.

Possible need to return to monthly payroll. Inability to cope with other levels of government in grant projects, reports, etc. Only experience will tell if we can operate at reduced manpower level.

Nondepartmental

1. Eliminate newsletters, city contribution to Chamber of Commerce
2. Postpone any city contributions to the city pension plan
3. Reverse trend toward larger self-insured retentions in self-insurance programs. (This will be more costly in the long run, but will reduce current expenditures.) Ability to assume risks will be greatly affected by adequacy of city reserves.

M E M O R A N D U M

May 12, 1978

TO: RICHARD V. BROWN, CITY MANAGER
FROM: JEAN T. SMITH, PLANNING DIRECTOR *JTS*
SUBJECT: JARVIS-GANN BUDGET, PLANNING DEPARTMENT

If Jarvis/Gann passes, the Planning Department budget would be reduced by \$40,000, to approximately \$32,000. This would pay for one full-time person and limit activity to current planning (mostly zoning administration) plus a minimum of service to the Planning Commission. (Since this Commission has responsibilities required under State law, it could not be eliminated unless the Council took on those responsibilities.) In order to provide any staffing to the Design Review Board as well as provide any design assistance to developers, a contract whereby the Department employed a planner part-time (12 hours per week) would be proposed. If such talent is not available on a part-time basis, we might contract with a design consultant in which case the amount of time would be reduced.

JTS:1hb

IMPACT ON PERSONNEL

1. Eliminates one Lieutenant position.
2. Eliminates Desk Sergeant position.
3. Eliminates one Detective position.
4. Eliminates 2 Patrol positions.
5. Reduces Cadet manhours by one half.
6. Reduces number of Crossing Guards by 2 or provides funds for one half year funding.
7. Reductions described in (1) and (2) would result in one Lieutenant being demoted to Sergeant and two Sergeants demoted to Patrolmen.

IMPACT ON SERVICES

1. Reduced staff time for planning, developing procedures, participation in study and decisions of a regional nature.
2. Elimination of Victims Assistance Officer position.
3. Abandonment of Narcotic Strike Force support.
4. Approximately one third reduction in detective time for followup investigations.
5. Elimination of most crime prevention activities.
6. School programs discontinued.
7. Reduced staffing in communications.
8. Reduction in patrol time resulting in increased response times.
9. No response to auto accidents where no injury and when traffic control not necessary.
10. On a priority basis, no response or delayed response to non-criminal, non-hazardous complaints.

Jarvis/Gann Budget - continued
4/20/78

IMPACT

1. Fire Station 2 closed
2. One engine taken out of service
3. OES 150 returned to State
4. Reduction of on-duty force from 9 to 6 men
5. 3 - 2 man companies: 2 at Station 1, 1 at Station 3
6. All companies will respond to structure fires
7. 2 companies to other incidents
8. Joint operation agreement with Kensington canceled
9. Mutual aid available only on County Plan
10. Ability to handle major fire drastically reduced
11. Reduced ability to handle simultaneous incidents
12. Medical emergency service provided
13. Loss of EMT personnel through lay-off
14. Average age of force increases drastically

IMPACTS ON PUBLIC WORKS DEPARTMENT OF THE PRELIMINARY JARVIS-GANN BUDGET

1. Elimination of all remaining construction Gas Tax Funds for resurfacing and street improvement projects, and the use of the same to fund street lights.
2. Further reduction in street light budget of \$47,000 down to the \$65,000 level.
3. Elimination of Public Works Capital Improvement Program for street projects, most significant project of which is the elimination of the Federal Aid Urban Project on San Pablo Avenue between Cutting and the North City Limits.
4. Elimination of street resurfacing program other than perhaps small segments where absolutely necessary.
5. Reduction of slurry seal program for streets.
6. Reduction of 26% of full-time personnel.
7. Elimination of all temporary and part-time labor in Engineering and Street Maintenance Divisions.
8. Elimination of Weed Abatement Program.
9. Elimination of Staff to Public Safety Commission.
10. 30% reduction in maintenance materials for Street Division.
11. Reduction of contractural janitorial by 60% and portion of other contractural maintenance.
12. Reduction of some maintenance projects in Building Maintenance.
13. Small reduction of gas and oil expenditures and vehicle and equipment maintenance and repair.
14. General reduction in all miscellaneous type accounts, including conference and meetings, education and training, special departmental expense, etc.
15. Reduction in overall capability to respond to the public's requests, complaints and inquiries.

RSB:lp

4/20/78

Revised - 5/12/78

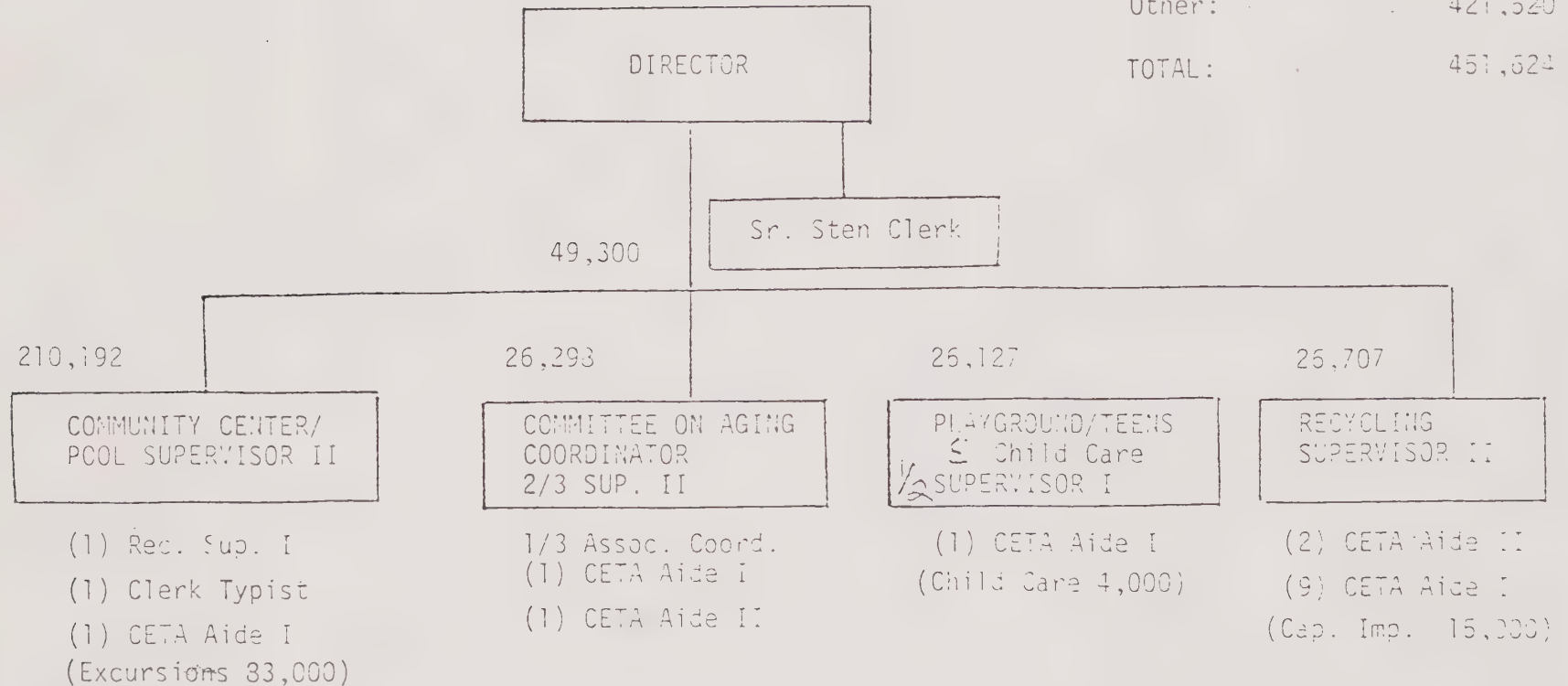
COMMUNITY SERVICES DEPARTMENT
LEISURE, HUMAN & ENVIRONMENTAL SERVICES

EXHIBIT C

JARVIS PLAN

1978-79 OPERATING BUDGET

City Contribution: 30,104
Other: 421,520
TOTAL: 451,624



OVERHEAD INCLUDED

Utilities	4,500
Phones	1,500
Payroll/Book-keeping	3,000
Vehicles	2,000
TOTAL	11,000

SERVICES IMPACT

- 1) Park Maintenance combined with Streets
- 2) Playgrounds Program reduced 50%
- 3) Staff to Commissions & Committees reduced 75%
- 4) All other services remain at a reduced level.

MEMORANDUM

May 12, 1978

TO: Members of the City Council
FROM: Richard V. Brown, City Manager
RE: COMMENTS ON CURRENT MATTERS

1) Agenda for Meeting on May 15. This agenda is long, and it has several very heavy items on it. Perhaps the most important item of the moment is on the consent calendar, which is the resolution ordering the municipal reorganization of the East Ridge, namely, Leneve Place and Canyon Estates. In addition are: a proposed preliminary Proposition 13 budget, ordinance for a business license tax increase and a new construction tax, an item concerning reorganization of the safety departments of the City, and one other item of note, a revocation of a use permit.

The resolution effecting the municipal reorganization is the last formal step to be taken by the City to accomplish the East Ridge annexation. There will be some procedural work necessary following that adoption by the executive secretary of the Local Agency Formation Commission; but unless restrained by Richmond, no further action on our part is necessary.

After about two months of intensive study and dialogue concerning the revenue picture if Proposition 13 passes, a budget proposal has been put together for possible use in the event Proposition 13 passes. This budget was put together by using cost figures from last year's level, assuming revenues to be the same as last year. The result is a \$1,209,000 reduction from last year's levels out of an estimated needed adjustment of about \$1,400,000. Additional revenues and/or additional cuts would be needed to make up this difference. There are very many uncertainties involved in proposing a preliminary budget of this sort. It is evident, however, that public discussion should be held on the extent and nature of city service cuts contingent on Proposition 13 passing.

Related to the Prop. 13 budget are two ordinances proposed for Council consideration, one doubling business license tax, and the other proposing a new construction to apply to new and remodeled structures within the city. Both of these tax measures would have to be adopted by Council in two separate meetings prior to June 6 to escape a prohibition placed on such actions by Proposition 13.

The item on the agenda concerning the public safety services reorganization anticipates Council direction to staff to begin an in-depth study of consolidation or combination of functions between the police and fire departments, resulting at least in some cross-over manpower and cooperative functions between policemen and firemen. Suggestions have been made that a study committee of knowledgeable people be impaneled for the purpose of directing this study and advising Council on its features and ramifications. Such a study committee should consist of staff, Council, and layman representatives involving the community as a whole on the discussion of these important values.

It is extremely rare when the City revokes a use permit. On the consent calendar is the recommendation for a small, used-car lot south of Lincoln on San Pablo Avenue. This is the first instance I know of in which a commercial use permit was revoked.

2) City Personnel. Bill Martindale, building official, is scheduled for repeat surgery for a hernia operation next week. Bill has had two such operations and

MEMORANDUM

May 15, 1978

TO: Members of the City Council

FROM: Richard V. Brown, City Manager

RE: RECOMMENDATIONS FOR BALANCING A PROP. 13 BUDGET

The Prop. 13 budget reductions submitted to Council on May 12 failed to balance by \$191,000. Applied to that \$191,000 deficit, of course, would be additional revenues added by a new construction tax and an increase in business license taxes. As submitted, action on those ordinances would be expected to produce almost \$100,000 in additional revenues. That leaves a net deficit of \$90,000. This memorandum is my recommendation for filling that gap.

It should be borne in mind that arriving at 1978-79 Prop. 13 budget estimates by making net reductions from the 1977-78 budget makes assumptions that might produce errors. Work is progressing on preparation of the detailed '78-79 budget under Prop. 13 conditions which is the only means of producing a reliable budget plan. For the time being, we feel that the budget reduction plan as submitted is the most reliable tool available for continuing to make the many necessary decisions.

The most important decision now (after accepting staff reduction plans) is to create necessary balancing revenues from available sources. Two of those sources have already been identified - business license tax and construction tax. Two other sources subject to local option are building and other permit fees and franchise fees. Both of the former revenue sources are taxes for which action would have to be taken before June 6. The latter two sources would not be affected by passage of Proposition 13, and action could be taken after the fate of Prop. 13 is known.

Following is an analysis by revenue source:

1. Business License Tax

a.	<u>Current Revenue Yields</u>	<u>Recommended New Ordinance</u>
Contractors	\$16,777	\$33,000
E. C. Businesses	25,500	51,000
Multiple Dwellings	11,366	22,800
Truck Delivery	4,760	4,760
Miscellaneous	<u>2,249</u>	<u>4,500</u>
	\$60,249	\$116,060

b. Alternate Adjustments

The first three business classifications produce 90% of the business tax yield. Truck delivery rates are fixed by the state and not subject to local change. Looking at the effect of Prop. 13 on each of these main classifications, the tax-break effect varies. For contractors, a tax break would only affect his real property, having some effect on his cost

of doing business, but difficult to figure. For the regular business classification a modest 500 sq. ft. commercial operation would receive an estimated tax break of ~~\$1,200-1,500~~^{\$568-750}/yr. under Prop. 13, as opposed to a business license tax increase of about \$45/year. Apartment owners should expect to receive a tax break of about \$350-400/unit/year, as opposed to a \$6/unit business license tax increase.

Because multiple dwelling rentals and business activities create heavier burdens on public safety services in particular, those activities are a prime target for some lost revenues under Prop. 13. Business taxes of \$25/year/unit on apartments and a business tax base of \$100 (instead of the present \$35) does not appear unreasonable. At that level, \$100,000 additional revenue (compared to \$60,000 from doubling the tax) would be available to meet the shortage of \$190,000.

2. Construction Tax

The construction tax yield is very difficult to assess. We are estimating 150,000 sq. ft. (without Mira Vista or the Petersen project west of the freeway) of new construction or additions for next year. At \$.25/sq. ft., that would cost the owner of a new 2,000 sq. ft. home \$500; and a new 1,000 sq. ft. business, \$250. Prop. 13 tax breaks might be \$1,200/year for the 2,000 sq. ft. home and ~~\$2,500-1,200~~ for the 1,000 sq. ft. business (if the business is a renter, a good share of the tax break would be due back to the renter).

Increasing the yield of this tax without varying its application would accentuate the burden on the homeowner. An alternative toward that suggested by the Chamber of applying a tax on estimated value would appear to be more reasonable, since the cost of commercial construction is about twice that of residential construction. A ballpark figure for residential construction next year is about \$6,000,000 (new construction and remodeling) without Mira Vista and the Petersen project west of the freeway. Both of those projects would account for about \$6,000,000 in value, conservatively. Using 0.5% on \$6,000,000 would yield \$30,000 in additional revenues, while using the full potential of \$12,000,000 in new construction would yield \$60,000 in additional revenues.

If the expected Mira Vista and Petersen construction projects were used in the estimate, the \$.25/sq. ft. tax would yield 200,000 additional sq. ft. for a total, one-time revenue of \$87,500 instead of \$37,500.

3. Permit Fees

Building, Public Works, and Planning fees have been discussed as a possible source of new revenue. Normal revenue is about \$40,000. Increasing fees by 50% would produce an additional \$20,000 for a total of \$60,000. A heavy increase in construction activity from two residential projects referred to above would produce \$80,000 without an increase in rate, plus a healthy increase from any new commercial (Redevelopment) construction. Since amendments to the Building Code will shortly be before Council, it appears that this potential source of revenue would better be held as is for the time being.

4. Franchise Fees

Perhaps the easiest but perhaps the most controversial means of raising new revenues would be to increase the refuse franchise fees. (Other utility franchise fees appear to be beyond the City's power to change. FCC has established jurisdiction over CATV, and the Franchise Tax Board and PUC regulate other utility

franchise fees). Presently the City receives about \$40,000/year with a 6 1/2% franchise fee. Assuming the franchise agreement could be amended for that purpose, the percentage fee could be changed to a flat fee, something like \$1/mo./unit of collection. By that means, revenue yield from the franchise fee could be increased by any amount up to about \$100,000/year. Raising the percentage fee to 10% as an alternative would raise 50% more revenue, or a total of about \$61,000.

Recommendations

<u>Source</u>	<u>Add'l. Rev.</u>
1. Business License Tax	\$105,000
2. Construction Tax (1/2% construction value)	60,000
3. Franchise Fee (\$.50/mo. - 6 mo.; alternate 10% for 1 yr.)	<u>25,000</u>
	\$190,000

RVB/gm

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MEMORANDUM

June 9, 1978

TO: Members of the City Council
FROM: Richard V. Brown, City Manager
RE: SUMMARY OF EMERGENCY PLAN IMPLEMENTATION

I. Layoff notices effective July 8, 1978

Police Department

Robert Malm, patrolman
John Conway, probationary patrolman
Mark Yoshihara, probationary patrolman
Claire Benke
(one resignation unfilled)

Public Works

Matthew Barraza - Street maintenance worker
Gregory Jacobs - Assistant director of Public Works
Robert Phillips - Engineering inspector

Parks Maintenance

Keita Tanaka - Park Maintenance worker
Tom Tominaga - " " ?
Mel Tucker - " " "
Joe Silveira - " " "
Lloyd Pendleton - " " "

Fire

Lloyd Christopher - Engineer
Ralph Figueroa - "
Donald Crumpacker - "
George Johnson - Fire Fighter
Frank McSheehy - " "
Mark Scott - " "
Martin O'Connell - " "
James Dworak - " "
David Braezeal - " "

Administration

Becky Proehl - Crime Prevention Coordinator
(One position in Finance pending)

II. Demotions effective July 8

Fire

Nye Butler - Assistant chief to battalion chief
George Richards - Battalion chief to captain
Pete Barraza - " " " "
Paul Hammer - Captain to engineer

Robert Capps - Captain to engineer
Robert Myers - Engineer to fire fighter
Gerald Williams - " " " "
Larry Armstrong - Captain to engineer
Gordon White - Engineer to fireman
Jack Murphy - " " "
Robert Garbisch - Engineer to fireman

Police

Bruce Nelson - Lieutenant to sergeant
Jay Clark - Sergeant to patrolman
(one additional demotion pending)

III. Reorganization

Street and park maintenance combination has been announced. Reorganization will put maintenance forces in the Public Works Department under Public Works Superintendent Mel Vincent. Before implementing this reorganization, we must "meet and confer." In order to function properly, park maintenance must be trained in street maintenance, and vice versa. For the time being, both groups will continue to operate separate.

Supervision of the combined maintenance divisions will be under Mel Vincent until he retires (uncertain). Bill Fernando will be placed in charge upon Mr. Vincent's retirement. Until that supervisory change takes place and after combination of the two maintenance forces into one, Mr. Fernando will possibly be assigned as Community Center manager or Recycling manager, or some combination of duties utilizing his talents. Specific plans will be discussed with Council after staff arrives at adjustments needed.

IV. New Taxes

The higher business license taxes and construction tax collection will commence July 1. Notices will be sent out on business license next week on the assumption Council will confirm their intent to implement the present ordinance without change.

The construction tax will be an added amount to all new construction and remodeling permits based on permit value. If payment of this tax could be arranged through escrow arrangements, that method will be worked out. Until that time, the tax would be a surcharge on the building permit.

1. TOTAL BUDGET 1977-1978 4,820,000

El Canto

2. POST-PROPOSITION #13 BUDGET 4,111,500

3. BUDGET REDUCTION IN PERCENTAGE 15%

4. EFFECT ON FOLLOWING DEPARTMENTS:

	: BUDGET	: BUDGET	: REDUCTION
	: PRE-PROPOSITION #13	: POST-PROPOSITION #13	: PERCENTAGE
A. CITY MANAGER	: 71,476	: 69,679	: 2.5%
B. CITY ATTORNEY	: 24,771	: 25,000	: (1%)
C. CITY CLERK	: 40,815*	: 32,173	: 21%
D. FINANCE	: 52,361	: 34,820	: 33.5%
E. PLANNING	: 46,174	: 21,280	: 53.9%
F. PUBLIC WORKS	: 662,061	: 571,164	: 13.7%
G. POLICE	: 1,019,439	: 1,035,502	: (1.5%)
H. FIRE	: 801,424	: 707,896	: 11.7%
I. RECREATION & PARKS	: 761,986	: 517,052	: 32.1%
J. LIBRARY	: -----	: -----	: ----
K. COMMUNITY DEVELOPMENT	: -----	: -----	: ----
L. REDEVELOPMENT	: 60,788	: 100,000	: (64.5%)

* includes city election cost of \$9,000

6. EFFECT ON PROGRAMS AND SERVICES PRE- AND POST-PROPOSITION 13.
Please comment briefly on the nature and reduction of programs and services by Department.

see attached

7. HOW WERE PRIORITIES ESTABLISHED FOR BUDGET CUTS?

see attached

8. WHAT WAS THE NATURE OF CITIZEN PARTICIPATION INVOLVED IN ESTABLISHING THESE PRIORITIES?

see attached

9. IF ADDITIONAL FUNDS BECOME AVAILABLE TO THE CITY, WHICH PROGRAMS AND SERVICES WILL BE RE-ESTABLISHED? PERSONNEL RE-HIRED?

see attached

10. PROGNOTICATION FOR NEXT YEAR AND THE FUTURE?

see attached

11. ADDITIONAL COMMENTS:

see attached

6.
 - Recreation and park maintenance were hardest hit by reductions necessitated by Prop. 13
 - Recreation fees were raised to make recreation virtually self-sustaining. Park maintenance forces were cut in half.
 - Public Works - Eliminated assistant director of public works and engineering aide, eliminating in-house design capacity. Street maintenance crews were reduced 30%.
 - Almost half of Planning was shifted to federal and redevelopment programs.
 - General Administration reduced in finance area and part-time help.
 - Police and Fire continued at existing levels except for attrition (one fire station of three closed)
 - Ordered study on consolidation of Police and Fire forces.
7. Lengthy public discussion prior to election on Prop. 13. Subsequent to SB 154, restoration of cuts (except for attrition) was made for Police and Fire. Highest priority given to maintaining Police force. Redevelopment, Fire, and Aging programs were next. Park maintenance, street maintenance were cut in half. Recreation was placed on a fee-for-service basis (including overhead). General administration was cut in finance area. Self-insurance programs were expanded.
8. Public study sessions on Monday nights (regular meeting night) over a period of two to three months. Newspaper publicity and regular weekly mayor's column in newspaper used to publicize meetings. Time constraints were severe. It was imperative that a plan be ready for implementation immediately following passage of Prop. 13 if we were to avoid a disastrous, unbalanced budget.
9. First priority probably will go to reducing new taxes levied immediately before July 1. After that, personnel replacement in parks and street maintenance would be considered. Reopening the closed fire station is a possibility.
10. Major cutbacks contemplated. It is assumed that some state "bail-out" money will be available but in lesser amounts. Distribution of minimum property taxes will probably change. A major effort will be made for state to subvent an additional portion of its sales tax collections to cities. On the other hand, new limitations on expenditures appear inevitable. Flexibility for local decisions will be drastically reduced.
11. The movement of local decision-making away from local government toward Sacramento as a result of Prop. 13 appears to be escalating with follow-up actions. The state legislature is apparently eager to enter into the decision-making vacuum created by the host of new restrictions and limitations on local government. The right to decide on the distribution and use of public tax funds is the source of primary political power. That power is not likely to be given up voluntarily by the state legislature.

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